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No. 98-1373

Supreme Court, U.S.
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IN THE

Supreme Court of the United States

OCTOBER TERM, 1998

C.R. BARD, INC.,

Petitioner,

—v.—

M3 SYSTEMS, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITIONER'S REPLY MEMORANDUM

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PARTIES TO THE PROCEEDING

The names of all parties in the court whose judgment is sought to be reviewed appear in the caption of the petition for writ of *certiorari*.

Petitioner is C.R. Bard, Inc. ("Bard"). Pursuant to Supreme Court Rule 29.6, petitioner states that it has no parent company or subsidiaries.

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PETITIONER'S REPLY MEMORANDUM

I. THE ANTITRUST ISSUE WAS RAISED ON APPEAL

Contrary to M3's assertions, *see, e.g.*, Brief in Opp., pp. 4, 5, 7, 16-17, Bard has consistently argued, *inter alia*, in its JMOL motions to the district court and in its briefs to the Federal Circuit that, as a matter of law, Bard's modification of its patented biopsy device is not a violation of the antitrust laws *and* that the evidence presented by M3 is not sufficient to support a properly formulated antitrust claim. *See, e.g.*, A5354-56 (Bard's JMOL motion); Bard's Brief and Reply Brief for Plaintiff-Appellant, pp. 49-50 and p. 25, respectively). For example, at pages 49-50 of Bard's Brief for Plaintiff-Appellant, the antitrust issue is clearly presented:

> This leaves M3 Systems' third theory that when Bard modified it Biopty gun so that M3 Systems' current ACN needle would no longer work, it was guilty of monopolization or attempted

> monopolization. However, the gun modification, based upon the undisputed evidence, does not violate the antitrust laws. M3 Systems' own expert DeBrock admitted that absent an injunction that would issue if Bard prevails in this litigation, M3 Systems could effectively compete [A9104-05; A13169-73].

In considering the antitrust issue, the Federal Circuit only suggested that Bard had waived its ability to contest the sufficiency of the jury instructions. 88a. Bard's petition for writ of *certiorari*, however, is not premised upon the propriety of the jury instructions, but rather on whether, as a matter of law, Bard's modification of its patented device can constitute an antitrust violation, and whether sufficient evidence was presented at trial to support a properly formulated antitrust claim.

M3's argument that Bard waived the antitrust issue because of its failure to object to the jury instructions is incorrect. *See, e.g.*, Brief in Opp., pp. 7, 16-17. Bard was not required to expressly challenge individual jury instructions to preserve the antitrust issue for appeal. *See City of St. Louis v. Praprotnik*, 485 U.S. 112, 120 (1988):

> Although the same legal issue was raised both by [the JNOV] motions and by the jury instruction, "the failure to object to an instruction does not render the instruction the 'law of the case' for purposes of appellate review of the denial of a directed verdict or judgment notwithstanding the verdict." (citation omitted).

Moreover, the Court has recognized that a party is not required to contest the jury instructions when arguments

regarding the sufficiency of evidence are raised. *Boyle v. United Technologies Corp.*, 487 U.S. 500, 513-514 (1988) (the failure to object to jury instructions does not waive an issue "[i]f the evidence presented in the first trial would not suffice, as a matter of law, to support a jury verdict under the properly formulated defense. . . .").

M3's contention that Bard did not preserve the antitrust issue on appeal because Bard's arguments to the Federal Circuit were not as detailed as M3 would have preferred is similarly misplaced. Brief in Opp., p. 5. *See, e.g., City of St. Louis*, 485 U.S. at 120 (arguments which "were much less detailed than the arguments it now makes in response to the decision of the Court of Appeals" does not imply "that petitioner failed to preserve the issue raised in its petition for certiorari").

Whether Bard's modification of its patented device within the scope of the patent, which rendered M3's replacement needles incompatible with the modified device, can constitute a violation of the antitrust laws was clearly raised by Bard before the district court and Federal Circuit[1], and was specifically addressed in both the majority (86a-88a) and the dissenting opinions (56a-62a). The antitrust issue was clearly preserved on appeal, and is

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[1] On appeal M3 maintained that Bard was precluded from arguing that modification of its patented device was not an antitrust violation based on M3's contention that the issue was not raised in Bard's pre-verdict JMOL motion. *See* M3's Brief for Defendant-Appellee, p. 48. Bard responded that the issue was raised in its pre-trial JMOL motion, and that M3 had failed to preserve its waiver argument in M3's post-verdict JMOL motion. *See* Bard's Reply Brief for Plaintiff-Appellant, pp. 1-3 (citing *Collins v. Illinois*, 830 F.2d 692, 698 (7th Cir. 1987) (waiver argument is waived if not argued in response to JNOV motion)). The Federal Circuit's failure to comment upon M3's waiver argument illustrates that M3's position is incorrect.

now properly before this Court. *See, e.g., Stevens v. Department of the Treasury*, 500 U.S. 1, 8 (1991) (issue preserved since the "Court of Appeals, like the District Court before it, decided the substantive issue presented").

II. THE "ON SALE" DECISION IS IN CONFLICT WITH THE COURT'S DECISION IN *PFAFF*

M3 does not contest that the conflicting Federal Circuit opinions are expressly premised on the often criticized, "unnecessarily vague" and now rejected "totality of the circumstances" test. *See* 69a, 70a, 82a-83a. Rather, M3 argues that (a) the Federal Circuit's September 1998 decision is "consistent with" and "clearly anticipate[s] and track[s]" the Court's later decision in *Pfaff, see* Brief in Opp., p. 14, 22-23; and (b) the Federal Circuit's *en banc* decision "implicitly confirmed" *sub silentio* the Court's intervening *Pfaff* decision, *see* Brief in Opp., pp. 9, 15-16. M3's arguments are incorrect and do not address the undisputed fact that the Federal Circuit relied upon the now rejected "totality of the circumstances" test. Further, M3 fails to explain how an analysis under the old "totality of the circumstances" test can be used to support a holding under the Court's new *Pfaff* precedent. *Pfaff v. Wells Elec., Inc.*, ___ U.S. ___, 119 S. Ct. 304 (1998).

Without citation, M3 attempts to mislead the Court by suggesting that the Federal Circuit found Bard's invention was reduced to practice prior to the critical date. *See, e.g.*, Brief in Opp., pp. 15, 23. The Federal Circuit made no such finding. Moreover, M3 can point to no finding in any of the three opinions which comprise the Federal Circuit decision that Bard's invention was "ready for patenting" prior to the critical date. For example, it is not disputed that prior to the critical date, there were no

drawings of the patented device, and only preliminary drawings of a needle concept, the design of which was later changed. 27a, 72a-73a. No evidence bridges the gap between the "detailed engineering drawings" of *Pfaff* and the absence of any drawings of the device, or the preliminary drawings of a needle concept which was "in an early development stage". 30a. *See id.* at 307. Clearly, Bard had not "prepared drawings or other descriptions of the invention that were sufficiently specific to enable a person skilled in the art to practice the invention" prior to the critical date. *See id.* at 312. The Federal Circuit's split decision premised on the rejected "totality of the circumstances" test should be vacated and remanded for further consideration in light of the *Pfaff* decision.

CONCLUSION

The petition for a writ of *certiorari* should be granted.

Respectfully submitted,

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